



# Short Notes - Regulatory Bodies

## Reserve Bank of India



- 👉 In **1926**, the **Hilton-Young Commission** recommended the creation of a central bank for India.
- The **Reserve Bank of India Act** was enacted in **1934**, under which the RBI was formed.
  - The RBI Act came into force on **April 1, 1935**, and the RBI commenced its operations.
  - The Reserve Bank of India was **nationalised** in **1949**.

**i** The RBI is also known as '**Mint Street**'

## Organizational Structure

## Central Board of Directors



The Central Board of Directors is at the top of the RBI's organizational structure.

- The Governor is the RBI's chief executive.
- The Central Government nominates 14 Directors on the Central Board.
- The RBI Governor and a maximum of four Deputy Governors are also ex officio Directors on the Central Board.



Current RBI Governor – **Shaktikanta Das**



The RBI has 4 zonal offices:



1. Delhi
2. Chennai
3. Kolkata
4. Mumbai



## Board for Financial Supervision (BFS)

👉 Sub-committee of the Central Board of RBI

- Set up in November 1994
- For consolidated supervision of the financial sector
- Governor of the RBI is the Chairman of the BFS
- Department of Supervision (DoS) formed in November 2019 – holistic approach to supervision and regulation

## Models used for Supervision

👉 **CAMELS**

- For supervision of **domestic banks**

C = Capital Adequacy

A = Asset Quality

M = Management

E = Earnings

L = Liquidity

S = Sensitivity to Market

Risk

S = System and control

👉 **CALCS**

- For supervision of **foreign banks**

C = Capital Adequacy

A = Asset Quality

L = Liquidity

C = Compliance

S = Systems

## Risk-based Supervision

👉 Recommended by former Deputy Governor, K.C. Chakrabarty after financial crisis of 2008

RBS Framework – SPARC (Supervisory Program for Assessment of Risk and Capital)

All the scheduled commercial banks in India are now under the RBS framework

## Board for Regulation and Supervision of Payment and Settlement Systems (BPSS)



The BPSS lays down policies for regulation and supervision of payment and settlement systems in India.

The Reserve Bank Governor is the Chairman of the BPSS.

## Subsidiaries of RBI



### 1. Deposit Insurance and Credit Guarantee Corporation (DICGC)

- The Deposit Insurance and Credit Guarantee Corporation (DICGC) came into existence in 1978.
- The Head Office of the DICGC is located in Mumbai.
- All co-operative banks and commercial banks including the branches of foreign banks functioning in India, Local Area Banks, and Regional Rural Banks are covered under the Deposit Insurance Scheme.
- The DICGC insures principal and interest up to a maximum amount of ₹ 5 lakhs.

## 👉 2. Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)

- BRBNMPL was established in 1995 to augment the production of bank notes in India and to enable bridging of the gap between supply and demand for bank notes in the country.
- BRBNMPL manages two Presses, one at Mysore in Karnataka and the other at Salboni in West Bengal.

## 👉 3. Reserve Bank Information Technology Private Limited (ReBIT)

- ReBIT was set up by RBI in 2016 for its IT and cyber security needs and to ensure cyber resilience of Indian banking.
- It focuses on IT and cyber security (including related research) of the financial sector and assists in IT systems audit and assessment of the RBI.

## 👉 4. Indian Financial Technology and Allied Services (IFTAS)

- IFTAS designs, deploys & provides the essential IT-related services, required by the Reserve Bank of India, banks, and financial institutions.
- IFTAS operates CLOUD, the only community cloud in the country, hosting cloud-based solutions dedicated to the Banking & Financial Community.

## 5. Reserve Bank Innovation Hub (RBIH)

- RBIH was set up as a Section 8 company under Companies Act, 2013, with an initial capital contribution of ₹100 crore.
- RBIH aims to promote and facilitate an environment that accelerates innovation across the financial sector.
- The Governor of RBI inaugurated RBIH on 24 March, 2022, in Bengaluru.

## Functions of RBI

### Monetary Policy



Monetary policy is a set of actions to control a nation's overall money supply and achieve economic growth.

### Types of Monetary Policy

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### 👉 **Expansionary Monetary Policy**

- An expansionary monetary policy is focused on increasing the money supply in an economy.
- An expansionary monetary policy is implemented by lowering key interest rates thus increasing money supply.

### 👉 **Contractionary Monetary Policy**

- An contractionary monetary policy is focused on decreasing the money supply in an economy.
- An contractionary monetary policy is implemented by increasing key interest rates thus decreasing money supply.

### **i** **How does the RBI control Inflation?**

- Inflation is a general increase in the prices of goods and services in an economy.
- When the general price level rises, each unit of currency buys fewer goods and services.
- During inflation, RBI uses a contractionary monetary policy to reduce the supply of money within an economy by lowering the prices of bonds and rising interest rates.
- Thus, consumption falls, prices fall and inflation slows down.

## **Instruments of Monetary Policy**

### **Quantitative Instruments**

Influence the total volume of the credit

### **Qualitative Instruments**

Influence the selective use of credit





## Quantitative Instruments



### 1. Repo Rate

- Repo rate is the interest rate at which the RBI lends money to commercial banks; against a collateral.



### 2. Reverse Repo Rate

- Reverse repo rate is the rate at which the RBI borrows money from commercial banks.
- During inflation, RBI increases repo rate as this acts as a disincentive for banks to borrow from the central bank. This ultimately reduces the money supply in the economy and thus helps in arresting inflation.
- An increase in the reverse repo rate will decrease the money supply and vice-versa. An increase in reverse repo rate means that commercial banks will get more incentives to park their funds with the RBI, thereby decreasing the supply of money in the market.



### 3. Liquidity Adjustment Facility (LAF)

- LAF is a tool used by RBI, which enables banks to borrow money through repurchase agreements (repo) or to lend to the RBI using reverse repo contracts.



#### **4. Marginal Standing Facility (MSF)**

- MSF is a window for banks to borrow from the RBI in an emergency situation when inter-bank liquidity dries up completely.



#### **5. Policy Corridor**

- The Corridor in monetary policy of the RBI refers to the area between the reverse repo rate and the MSF rate.
- The MSF rate as the ceiling and the Reverse Repo rate as the floor determine the policy corridor.



#### **6. Bank Rate**

- Bank rate is the rate at which the RBI provides loans to commercial banks without any collateral.



#### **7. Cash Reserve Ratio (CRR)**

- CRR is the percentage of deposits that banks have to maintain with the RBI. The proportion required to be maintained is notified by the RBI from time to time.



#### **8. Statutory Liquidity Ratio (SLR)**

- SLR is money kept in terms of liquid assets like cash, gold, RBI approved securities.
- SLR is maintained so that banks have liquid reserves, which can be used in times of need.



## 9. Open Market Operations (OMOs)

- OMOs include both, repurchase (repo or reverse repo) operations and outright purchase and sale of government securities, for injection and absorption of liquidity, respectively.



## 10. Market Stabilization Scheme (MSS)

- MSS was introduced in 2004. Under this scheme, the RBI absorbs surplus liquidity in the market, by selling short-dated government securities and treasury bills.



## Qualitative Instruments



### 1. Margin Requirements

- Margin requirement refers to the difference between the current value of the security offered for loan (called collateral) and the value of loan granted.
- For example, mortgaging land for Rs 100 lakh with the bank for a loan of Rs 75 lakh. So, the margin requirement would be Rs 25 lakh.
- In case of inflation, the margin requirement is increased so that demand for loans are decreased.



### 2. Credit Rationing

- Rationing of credit is a method by which RBI seeks to limit the maximum amount of loans and advances. RBI may also fix ceiling for specific categories of loans and advances.

### 👉 3. Moral Suasion

- Moral suasion is a request by the RBI to the commercial banks to take specific measures as per the economy's trends. For instance, RBI may direct banks not to give out certain loans.

### 👉 4. Direct Action

- RBI has the power to take direct action against commercial banks in case of non-compliance of any rules and regulations or against any illicit activities performed by these banks.
- Operation Twist was an unconventional measure used by RBI to revive the economy during the COVID-19 pandemic.
- Under Operation Twist the RBI twists the yield of government securities by simultaneously selling short-term securities and buying long-term securities through open market operations.

## What is Operation Twist?

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### 👉 Monetary Policy Committee

- MPC was constituted on **September 29, 2016** to determine the policy rate to achieve the inflation target.
- The MPC has **six members**, including the **RBI Governor**, who is the **Chairperson** of the MPC.
- MPC is responsible for **fixing the benchmark interest rate** in India.
- The current mandate of the committee is to maintain **4% annual inflation** until 31 March 2026 with an upper tolerance of 6% and a lower tolerance of 2%.

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## 👉 II. Currency Management

- Central government is responsible for design and minting of coins of various denominations.
- Currency notes are issued by RBI; Rupee 1 note is issued by the central government.
- **RBI notes are a liability, whereas coins and Rupee 1 notes are assets.**
- Demonetization is the act or process of removing the legal status of currency unit. • Demonetization can be done to overcome hyperinflation, to curb black money, to foster economic stability, to remove counterfeit currency, etc.

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## Phases of Demonetization in India

👉 1946

👉 1978

👉 2016

## What are Currency Chests?

Branches of selected banks where bank notes and rupee coins are stored on behalf of RBI, for further distribution.

RBI has set up over 3054 currency chests all over the country.

The Committee on Currency Movement (CCM) chaired by Shri D.K.

Mohanty recommended that RBI should encourage banks to open large Currency Chests (CCs) with modern facilities and Chest Balance Limit (CBL) of at least ₹ 10 billion.

## Banker to Banks

- RBI enables smooth, swift and seamless clearing and settlement of inter-bank transactions and provides an efficient means of funds transfer for banks.
- RBI acts as a lender of last resort.



## Banker to Governments

Various accounts of Central Government are maintained in E-Kuber (CBS) system in all the Regional Offices of the RBI.

The Central Government is required to maintain a minimum cash balance with the Reserve Bank: Rs.10 crore on a daily

basis and Rs.100 crore on Fridays, and at the annual account closing day.

## Ways and Means Advances

The Ways and Means Advances Scheme was introduced in 1997. • RBI grants WMA to the Central and State Governments to tide over temporary mismatches in the receipts and payments of Governments.

WMA help Governments to bridge the interval between expenditure and receipts.

## Financial Regulation and Supervision

The Board for Financial Supervision (BFS) is the principal guiding force behind RBI's regulatory and supervisory initiatives.

In respect of banks, RBI derives its powers from the provisions of the Banking Regulation Act, 1949.

## Foreign Exchange Management

RBI is the custodian of India's foreign exchange reserves.

RBI supervises and regulates forex through the provisions of the Foreign Exchange Management Act, 1999.

## Payment Systems



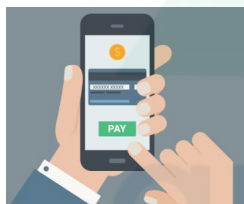
## Payment and Settlement Systems Act, 2007

The Payment and Settlement Systems Act came into force with effect from 12 August 2008.

The PSS Act, 2007 provides for the regulation and supervision of payment systems in India.

RBI is authorized under the Act to constitute the Board for Regulation and Supervision of Payment and Settlement Systems (BPSS).

## Pre-paid Payment Instruments



PPIs can be loaded / reloaded by cash, debit to a bank account, credit and debit cards, PPIs, and other payment instruments issued by entities regulated in India and in INR only.

The cash loading of PPIs is limited to Rs. 50,000/- per month.

# Types of PPIs

## Small PPIs Full-KYC PPIs

They can be used only for purchase of goods and services

They can be used for purchase of goods and services, cash withdrawal and funds transfer The amount outstanding at any point of time shall not exceed Rs. 10,000

The amount outstanding at any point of time shall not exceed Rs. 2,00,000/The total amount debited during any given month shall not exceed Rs. 10,000.

No limits prescribed for total credits or debits during a month.

Funds transfer is not permitted Funds transfer is allowed within a limit of Rs.10,000/- per month per holder.

## Retail Payment Systems

Retail payment systems can be broadly classified based on the medium of transactions, i.e., paper-based systems, electronic systems, mobile-based.

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## Electronic Payments

### Real Time Gross Settlement System

RTGS was implemented by the RBI in March 2004, for inter-bank payments settlement on a 'real' time and gross basis.

The RBI implemented the Next Generation RTGS (NG-RTGS) in 2013, which is built on ISO20022 standards.

### National Electronic Funds Transfer

NEFT was introduced in November 2005. It is a nation-wide payment system, facilitating one-to-one funds transfer.

With effect from 16 December, 2019, NEFT has now become a 24X7 system. • The minimum amount to be remitted through RTGS is ₹ 2,00,000/- with no upper or maximum ceiling.

## Immediate Payment System

IMPS is an instant, 24X7, interbank electronic fund transfer service, launched in 2010.

The service is designed for mobile phone users and can be availed through MMID (Mobile Money Identifier), a unique 7-digit unique number.

## RuPay Card

The RuPay card payment scheme, launched by the NPCI, allows all Indian banks and financial institutions in India to participate in electronic payments.

RuPay cards are accepted at all ATMs across India.

## Unified Payments Interface

UPI is a system that powers multiple bank accounts into a single mobile application.

The NPCI has launched its own UPI-based app called Bharat Interface for Money (BHIM).

## USSD (\*99#)

The NPCI has launched the National Unified USSD Platform (NUUP) to make mobile banking accessible to all non - smart phone users.

Banking customers can avail this service by dialling \*99#, a common number across all Telecom Service Providers, on their mobile phones.

## Clearing Corporation of India (CCIL)

CCIL was set up in April 2001 as a Central Counter Party (CCP) for clearing and settlement of trades in money market, government securities and foreign exchange markets.

The act of CCIL interposing as CCP upon acceptance of the trades by it by replacement of the existing obligations with the new obligations is known as "Novation".



## National Payments Corporation of India (NPCI)

NPCI was launched in 2008 as a joint initiative of RBI and Indian Banks' Association (IBA).

NPCI is an umbrella organization for operating retail payments and settlement systems in India.



## Negotiated Dealing System

NDS is an online trading platform for trading of Government securities in India, created by RBI in February 2002.

On August 1, 2005, RBI introduced the anonymous screen-based order matching module on NDS, called NDS-OM. It is operated by The Clearing Corporation of India (CCIL) on behalf of the RBI.

## SECURITIES AND EXCHANGE BOARD OF INDIA

SEBI is the regulatory body for securities and commodity market in India.

SEBI came into existence in 1988 through an Executive Order, and attained statutory status in 1992.

SEBI is headquartered in Mumbai.

As of 1st March 2022, Madhabi Puri Buch is the chairman of SEBI.

She is the first woman chairperson of SEBI.

## Who are the intermediaries registered with SEBI?



- | Stock Exchanges

- | Brokers Portfolio

- | Managers

- | Underwriters

- | Depositories

- | Participants

- | Credit Rating Agencies

- | Venture Capital Funds

- | Mutual Funds

- | FII's

## **Retail Individual Investor**

Retail individual investor means an investor who applies or bids for securities for a value of not more than Rs. 2,00,000.

## **Categories of Investors Qualified Institutional Buyer**

QIBs are those institutional investors who are generally perceived to possess expertise and the financial muscle to evaluate and invest in the capital markets.

## **Non-Institutional Investor**

Investors who do not fall within the definition of the other two categories are categorized as "Non Institutional Investors".



## Quasi-Judicial

Authority to deliver judgements related to fraud and other unethical practices

## Powers of SEBI

### Quasi-Executive

Authority to implement regulations and to take legal action against violators

### Quasi-Legislative

Right to frame rules and regulations to protect the interests of the investors.

Securities Appellate Tribunal is formed as a statutory body as per the provisions of Section 15K of the SEBI Act, 1992 where orders passed by the SEBI are appealed, heard and resolved.

**Securities Appellate Tribunal (SAT)**

## Insider Trading

### What is Insider Trading?

Insider trading is the trading of a public company's stock or other securities based on unpublished price-sensitive information.





## Penalty for Insider Trading

**Minimum penalty:**Rs. 10 lakh • **Maximum penalty:**Rs. 25 crore, or 3 times the profit; whichever is higher.

## Investor Protection and Education Fund (IPEF)

Investor Education and Protection Fund Authority was established by Government of India on 7th September, 2016 for administration of Investor Education and Protection Fund under the provisions of section 125 of the Companies Act, 2013.



- In 2013, SEBI had set up a committee to find out ways and means to best utilize the IPEF.

The committee was restructured in 2022.

## Rolling Settlement

SEBI introduced T+5 rolling cycle in July 2001, which was shortened to T+3 rolling cycle in April 2002. The T+3 cycle was shortened to T+2 in April 2003. In February 2022, SEBI introduced the T+1 settlement cycle.

## **Subsidiaries of NABARD**

Any pooling of funds under any scheme or arrangement, which is not registered with SEBI and involving a corpus amount of Rs. 100 crore or more shall be deemed to be a collective investment scheme.

## **NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT**

NABARD was established on the recommendations of the B. Sivaraman Committee on 12 July 1982.

NABARD is fully owned by Government of India.

NABARD has its head office at Mumbai.

NABARD is responsible for the supervision and statutory inspection of State Cooperative Banks (StCBs), District Cooperative Central Banks (DCCBs) and Regional Rural Banks (RRBs).

## **Collective Investment Scheme**

### **NABKISAN Finance Limited**

Incorporated in 1997 enterprises engaged in agriculture, allied and rural non-farm activities.



## **NABSAMRUDDHI Finance Limited**

- Incorporated in 1997 • Registered as a Non-Banking Finance Company (NBFC) with RBI
- Provides credit facilities to legal entities for promotion, expansion, commercialization and modernization in non-farm activities including microfinance, MSME, housing, education, transport, etc.

## **NABFINS Limited**

Incorporated in 1997.

Registered with RBI as a Non-Banking Financial Company – Micro-finance Institution (NBFC-MFI).

Provides financial services by providing micro finance and other facilities to needy and disadvantageous sections of the society.

## **NABFOUNDATION**

Incorporated as a not-for-profit company in August 2019 • Aims to implement sustainable projects in the field of agriculture and rural development in a coordinated manner.

## **NABCONS (NABARD Consultancy Services)**

Created in 2003 to provide consultancy in all spheres of agriculture, rural development and allied areas.

## 7 major verticals under NABCONS



1. Agriculture & Animal Husbandry (AAH),



2. Food Processing & Storage (FPS),



3. Third Party Monitoring & Infrastructure (TPM),



4. International Business & Climate change (IB & CC),



5. Skills for livelihood,



6. Banking & Finance (B&F) and



7. Socio-economic Studies (SES)

### **NABVENTURES Limited**

A venture growth equity fund that invests in agriculture, food, rural businesses and agri/rural financial services at early to mid-stage.

### **NABSanrakshan Trustee Company Private Limited**

Aims to carry out credit guarantee and related activities towards sustainable and equitable agriculture and rural development.

# Financial Responsibilities of NABARD



## Rural Infrastructure Development Fund

Set up in 1995 with an initial corpus of Rs 2000 crore, for supporting rural infrastructure projects

### Eligible activities under RIDF:

1. Agriculture and related sector
2. Social sector
3. Rural connectivity

## Long Term Irrigation Fund

Set up in 2016-17 with an initial corpus of Rs 20,000 crore, for funding and fast tracking the implementation of incomplete major and medium irrigation projects.

Under LTIF, NABARD provides loan towards Central share as well as State Share with a tenor of 15 years.

Central share is provided to National Water Development Agency (NWDA).

## NABARD Infrastructure Development Assistance

Set up in 2010-11 as a new line of credit support for funding rural infrastructure projects.

Offers customized terms based on the requirements of the borrower, nature of the project, and risk profile of the borrower.

## Warehouse Infrastructure Fund

- Set up in 2013-14 with an initial corpus of Rs 5000 crore, for providing affordable credit to facilitate augmentation of the existing agricultural warehousing infrastructure.



## Micro Irrigation Fund

Set up in 2019-20 with an initial corpus of Rs 5000 crore, to mobilize additional resources for expanding coverage under micro irrigation and incentivizing its adoption.

State Governments are provided loans at 3% below the cost of funds; the 3% being compensated by the Government of India as interest subvention.

# Developmental Responsibilities of NABARD

## Kisan Credit Card Scheme

Introduced in August 1998 to provide term loan for agricultural needs of the farmers • Recommended by R. V. Gupta Committee

Farmers can avail collateral-free loan up to Rs. 1 lakh

Premium borne by both the bank and borrower in respective 2:1 ratio.

### **Self Help Group – Bank Linkage Programme**

Started in 1992-93 to link SHGs of poor to the formal financial institutions.

Largest microfinance programme in the world, in terms of the client base and outreach • Project EShakti launched on 15 March 2015 to digitize SHGs.

### **Supervisory Responsibilities of NABARD**

NABARD conducts inspections of State Cooperative Banks (StCBs), District Central Cooperative Banks (DCCBs) and Regional Rural Banks (RRBs).

## **SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA**

Established on April 02, 1990 as a wholly owned subsidiary of Industrial Development Bank of India (IDBI).

Delinked from IDBI w.e.f. March 27, 2000 SIDBI is headquartered in Lucknow.

Aims to aid the growth and development of micro, small and medium-scale enterprises (MSME) in India.

## Shareholding Pattern of SIDBI

### Name of Shareholder % of Holding

	Name of Shareholder	% of Holding
1.	Government of India	20.85%
2.	State Bank of India (SBI)	15.65%
3.	Life Insurance Corporation of India (LIC)	13.33%
4.	National Bank for Agriculture & Rural Development (NABARD)	9.36%
5.	Others	40.81%

## Subsidiaries of SIDBI

### SIDBI Venture Capital Ltd.

Set up in July 1999 as an Investment Management Company • SVCL managed funds have assisted MSMEs in various sectors like manufacturing, technology, services, etc.

### Credit Guarantee Fund Trust for Micro and Small Enterprises

- Jointly set up by SIDBI, Ministry of MSMEs, and Government of India in 2000.
- Operates the Credit Guarantee Scheme (CGS) for MSEs in respect of credit facilities up to Rs. 2 crores.
- Launched the Udaan portal in 2020, to increase the reach of CGS to eligible entrepreneurs and entities.
- **India SME Technology Services Ltd.** Set up in November 2005 to strengthen and accelerate the process of technological modernization in the MSME sector.



- Conducts Zero Defect – Zero Effect (ZED) Scheme Awareness Workshops for MSMEs..



## **SME Rating Agency of India Ltd.**

Launched in 2005, SMERA is world's first SME-focused rating agency • SMERA is a wholly owned subsidiary of Acuité Ratings & Research Ltd.

## **India SME Asset Reconstruction Company Ltd.**

Incorporated in 2008, as the country's first Asset Reconstruction Company for MSME NPAs.

Aims to acquire NPAs, primarily from MSMEs, and accelerates the restructuring of potentially viable units and liquidation of unviable units.

## **Micro Units Development & Refinance Agency Ltd.**

Set up on April 08, 2015 for "funding the unfunded" micro enterprises.

Pradhan Mantri MUDRA Yojana (PMMY) launched on April 8, 2015 for providing loans up to Rs. 10 lakh to the non-corporate, non-farm SMEs.

## Products under PMMY



1. Shishu: loans up to Rs. 50,000/



2. Kishor: loans above Rs. 50,000/- and up to Rs. 5 lakh



3. Tarun: loans above Rs. 5 lakh to Rs. 10 lakh

## Receivables Exchange of India Ltd.

Incorporated on February 25, 2016 as a joint venture between SIDBI and NSE

Operates the TReDS platform as per trade guidelines issued by RBI

To decrease the financing concerns faced by MSMEs in India, RBI introduced the concept of TReDS in 2014.

Trade Receivable Discounting Systems (TReDS) is a mechanism for financing trade receivables on a secure digital platform.

## Loan Facilitation & Syndication Service

SIDBI facilitates bank loans for new as well as existing manufacturing and service sector units in partnership with

Banks, Rating Agencies (RAs) and Accredited Consultants (ACs).

It is a transparent, structured mechanism for timely consideration of loan applications.

## NATIONAL HOUSING BANK

Set up on 9 July, 1988 as an apex level



### NHB RESIDEX

India's first official housing price index

Launched in July, 2007, to track the movement in prices of residential properties in select cities on quarterly basis, taking 2007 as the base year.

#### Includes the following indices:

Housing Price Indices (HPI)

Land Price Indices (LPI)

Building Materials Price Indices (BMPI)

Housing Rental Index (HRI)

## EXPORT-IMPORT BANK OF INDIA

Established in 1982 for the purpose of financing, facilitating and promoting foreign trade in India.

EXIM is wholly owned by Government of India.

## Functions of EXIM

### Buyer's Credit

Overseas buyer can open a "letter of credit" in favour of the Indian exporter and can import goods and services from India on deferred payment terms.

Exporter benefits through reduced transaction costs and complexities of internal trade transactions.

### Corporate Banking

EXIM offers a range of financing programmes to enhance the export competitiveness of Indian companies.

### Lines of Credit

EXIM extends LOC to Indian exporters to enable them to enter new areas and expand their business without payment risk from importers.

EXIM also extends LOC to overseas institutions and entities, to enable overseas buyers to import developmental and

infrastructure projects, equipment, goods and services from India, on deferred credit terms.

## Overseas Investment Finance

EXIM provides term loans to Indian companies for equity investment in their overseas Joint ventures or wholly owned subsidiaries.



EXIM provides support to project activities in engineering, procurement, and construction.

## EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD.

**Establishment:** Founded in 1957 as a wholly owned company of the Government of India.

**Primary Objective:** Enhances the competitiveness of Indian exporters by providing credit insurance covers.

### Services for Exporters:

- Offers a variety of credit risk insurance covers to safeguard against losses in exporting goods and services.

### Support to Banks and Financial Institutions:

- Provides Export Credit Insurance covers to banks and financial institutions, helping exporters secure better financial facilities.

## Overseas Investment Insurance:

- Offers insurance to Indian companies for their investments in joint ventures abroad, covering equity and loan contributions.



**Export Risks Insurance Corporation (ERIC) – 1957**



**Export Credit and Guarantee Corporation Limited (ECGC) – 1964**



**Export Credit Guarantee Corporation of India (ECGC) – 1983**

## Functions of ECGC



Provides a range of credit risk insurance covers to exporters against loss in export of goods and services.



Offers Export Credit Insurance covers to banks and financial institutions to enable exporters to obtain better facilities from them.



Provides Overseas Investment Insurance to Indian companies investing in joint ventures abroad in the form of equity or loan.

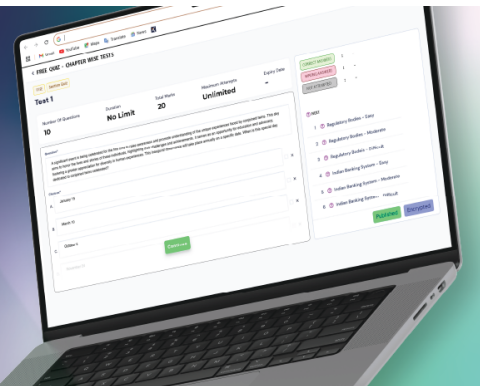
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